

**California Energy Commission**  
**RENEWABLE ENERGY PROGRAM**  
**Summary of Activities**  
**July 1, 2005 – September 30, 2005**

**New Renewable Facilities Program (NRFP)**

The NRFP fosters the development of new in-state renewable electricity generation facilities by providing financial support. With the passage of SB 1038 and SB 1078, the program provides production incentives, referred to as Supplemental Energy Payments (SEPs), for each kilowatt-hour of eligible electricity they generate. SEPs will be available to cover the appropriate above-market cost of renewable resources selected by retail sellers to fulfill their Renewables Portfolio Standard (RPS) obligations.

Prior to the passage of the above legislation, the NRFP was funded pursuant to AB 1890 and SB 90 with the intent of providing financial support to prospective new renewable projects. The following summarizes results of the initial NRFP under AB 1890 and SB 90:

- Incentive payments totaling more than \$4.36 million were made during this quarter.
- Since its inception in June 1998, the NRFP has paid a total of over \$54 million in production incentives to 45 new renewable generating facilities for 5,400 gigawatt-hours (GWh) of generation.
- More than \$135 million is encumbered for participating auction winners.
- Forty-seven projects are currently online and producing electricity, representing 488 megawatts (MW) of new renewable capacity.

**Renewables Portfolio Standard Program (RPS)**

Statutes require retail sellers to increase the renewable content of their electricity sales by at least 1 percent per year, with a goal of serving 20 percent of the state's retail electricity sales with renewables by 2017. California policy accelerates the target to 2010 and the Governor expanded the goal to achieving 33 percent renewables by 2020 for both investor-owned utilities and municipal utilities.

Renewable generators that win a contract through an investor-owned utility's competitive solicitation may be eligible for SEPs from the Energy Commission. Eligible new or repowered facilities priced above the market price referent (MPR) may apply for SEPs from the Energy Commission to pay the difference between the contract price and the MPR. The Energy Commission may set a cap on the amount of SEPs it issues.

- This quarter, Pacific Gas & Electric (PG&E) and San Diego Gas & Electric (SDG&E) continued to negotiate contracts with shortlisted bidders from their 2004 RPS competitive solicitations, and both executed contracts.
- PG&E, SCE, and SDG&E opened their 2005 RPS solicitations (August 4, September 9, and September 30, respectively). PG&E estimates it will execute contracts in December 2005, and SCE estimates it will execute contracts in March 2006. (SDG&E's schedule is demarked by the number of weeks after milestones are met rather than calendar dates, but it appears to show contracts will be executed in March 2006.)
- On September 22, Commissioner Peevey issued an alternate decision to ALJ Allen's June 2005 draft decision to set RPS implementation rules for Community Choice Aggregators and Energy Service Providers. The item was retracted from consideration at the CPUC's October 6, 2005 Business Meeting.

- Recent procurements:
  - On August 25, the CPUC approved PG&E's 15-year contract with PPM Energy for a 52 – 75 MW wind facility (Shiloh 1 Wind). To date, PG&E has executed contracts for 195 – 233 MW of renewable energy from its 2004 RPS solicitation. Further, on September 28, PG&E requested CPUC approval for two bilateral contracts with existing but nonoperating biomass facilities, 9 MW each.
  - On July 21, 2005, the CPUC approved PG&E's Advice Letter 2655-E seeking approval of 3 wind power purchase agreements totalling 142.9 MW with a build-out potential of 157.9 MW. The contracts are with the following projects:
    - FPL Montezuma in Solano County for 20 years and 32.4 MW,
    - Buena Vista in Altamont Pass for 15 years and 28 to 43 MW, and
    - Pacific Renewable in Lompac for 20 years and 82.5 MW.
  - On July 21, 2005, the CPUC approved SCE's Advice Letter 1879-E requesting approval of four contract amendments to repower four existing wind power facilities as shown in the table below.

Project Name	Location	Contract Nameplate (MW)	Estimated Incremental Annual Deliveries resulting from the Repower (GWh)
CTV Power	Tehachapi	14.00	4.70
Windland, Inc.	Tehachapi	8.00	0.00 <sup>1</sup>
Karen Windfarm	San Geronio	11.66	13.60
Coram Energy	Tehachapi	3.00	6.41
<b>TOTAL</b>		<b>36.66</b>	<b>24.71</b>

- In August, SCE entered a 20-year contract with PPM Energy to procure energy from a new 22 – 75 MW wind facility.
  - SDG&E executed its first contracts from its 2004 RPS solicitation in September 2005. Two contracts are for landfill gas projects totaling 18.75 MW.
  - SCE and SDG&E both executed 20-year contracts for procurement from large, central-station, solar thermal projects in the Imperial Valley. The projects use the Sterling engine technology and are contracted to initially come on-line in 2009 and 2010. SCE's contract is for a 500 MW facility with expansion potential to 850 MW, and SDG&E's contract is for procurement from a 300 MW – 900 MW facility. Additionally, SDG&E's contract is contingent upon development of a 500 kV transmission line.
- To date, no contracts have been eligible for supplemental energy payments.

### Western Renewable Energy Generation Information System (WREGIS)

The Energy Commission is working with the Western Governors' Association, state and provincial representatives, and renewable energy market participants to design and implement a regional renewable energy tracking system (WREGIS) as required by RPS statutes.

- The Energy Commission continues to develop details of the contract with the Western Electricity Coordinating Council (WECC) as the institutional home of the WREGIS.
- The Department of General Services released the Request for Proposals (RFP) for the WREGIS software and operations and maintenance on September 19, 2005.

---

<sup>1</sup>This facility has historically delivered at levels significantly below the annual estimate in its Contract and does not presently anticipate exceeding this estimate even after the repowering. A contract amendment establishing a cap on deliveries to be paid for at above-the-avoided cost rates is required in order for the facility to obtain PTC for the repowering.

- There have been two addenda issued to the WREGIS RFP.
- DGS will hold a Bidder's Conference for the WREGIS RFP in Hearing Room A of the California Energy Commission on October 18, 2005.
- A Proposal Evaluation Procedures workbook has been drafted to provide instructions to the Evaluation Team for evaluating the RFPs.
- The Interim WREGIS Committee, composed of the chairs from the Operational Rules Committee and the Institutional Committee, along with a member from WECC, are responsible for conducting the election of the permanent WREGIS Committee. The election of the permanent WREGIS Committee will be conducted electronically and will take place on November 16, 2005.
- The kickoff meeting for the Stakeholder Advisory Committee took place August 22 in Portland, Oregon.
- The Energy Commission estimates that WREGIS will be operational in early 2007.

### **Existing Renewable Facilities Program (ERFP)**

This program provides production incentives of up to 1.0 cent per kilowatt-hour to biomass, solar thermal, and wind facilities. Payments are tied to market prices, with no payments made if the market price is above a predetermined target price.

- During this period, about \$7.1 million in payments were made for 1,265 GWhs of generation for May through July 2005.
- To date, payments totaling \$216.5 million have been made to existing facilities for generation from 1998 through July 2005.
- 378 facilities are registered as renewable suppliers, with 102 eligible for funding from the ERFP.
- ERFP rollover funds — those remaining after payments have been made and rolled over to the next payment cycle as available funds — total \$31.5 million.

### **Emerging Renewables Program (ERP)**

The ERP provides consumers of electricity with a financial incentive to offset the cost of purchasing and installing new renewable energy systems at their homes and businesses.

- During this quarter, payments totaling \$13.4 million were made for 987 systems installed in investor-owned utility service areas, representing nearly 4 MW of capacity.
- Payments to date total \$223 million for 14,813 systems, representing about 60 MW of distributed capacity.
- Beginning in January 2005, Assembly Bill 135 (Reyes, Statutes of 2004) authorized the use of \$60 million of program funds that will be collected beginning in 2007.
- During the third quarter, approximately 1,133 reservation requests were received for systems in IOU service areas. These are estimated to represent approximately \$19.1 million and 6.6 MW of capacity.
- To date, funds encumbered for 4,933 systems in IOU service areas total \$75.7 million, representing 24 MW of capacity. Because the ERP can encumber funds that will be collected through 2006, and \$60 million from 2007 through 2011 (authorized by AB 135), a total of over \$61 million remains available for rebates.
- The Performance Based Incentive Program received nine applications during the quarter representing approximately \$2.3 million in reserved funds and 581 kW of capacity.

- Under the Solar Schools Program, over \$4.147 million in incentives remains reserved for 33 schools to install their own solar photovoltaic (PV) systems. The Program represents a total of 731 kW and paid \$87,210 this quarter to 1 school. Program recipients are public and charter schools within the service territory of California's three largest investor-owned utility companies -- Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric. The \$4.5 million in incentives for the Solar Schools Program is funded equally by the Energy Commission's Emerging Renewables Program (\$2.25 million) and the California Attorney General's Alternative Energy Retrofit Account (\$2.25 million).
- Updated public information continued to be made available on the Energy Commission's website.

### **Consumer Education Program**

This program awards grants and contracts to increase public awareness of renewable energy and its benefits, and encourage the support of renewable energy and purchases of renewable energy technologies. Consumer Education funds are also used for tracking and verifying renewable energy purchases under the RPS.

- A work authorization for \$74,848 was developed under the Renewable Energy Program's technical support contract with Kema to conduct a series of photovoltaic installation and inspection training workshops. Scheduled for October and November, the workshops are targeting builders, installers, inspectors, and other building officials. These workshops will be held in Central Valley locations: Stockton, Chico, and Fresno.
- Payments totaling \$10,271 were made during this period for consumer education activities.
- Payments totaling \$94,725 were made during this period for WREGIS activities.